

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-07 INR-07 LAB-04
NSAE-00 SIL-01 AID-05 FRB-01 USIA-15 TRSE-00
XMB-04 OPIC-06 SP-02 EPG-02 OMB-01 PRS-01 PA-02
L-03 IO-14 /088 W
-----082100Z 120872 /75

R 081710Z JUN 77
FM AMEMBASSY ROME
TO SECSTATE WASHDC 5170
INFO AMEMBASSY BONN
AMEMBASSY LONDON
AMEMBASSY PARIS
BRUSSELS 8350
USCINCEUR VAIHINGEN GERMANY
USDOCOSOUTH FOR INTAF

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USEEC

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E.O. 11652 N/A
TAGS: ELAB, PINT, EFIN, IT
SUBJ: CGIL CONVENTION OPENS

1. SUMMARY. SECRETARY GENERAL LAMA, OPENING THE CGIL NATIONAL CONVENTION, CALLED FOR COMMUNIST PARTICIPATION IN THE GOVERNMENT, BUT ALSO FOR SEVERAL CONCESSIONS BY LABOR IN ORDER TO REDUCE LABOR COSTS. THERE LATTER INCLUDED ELIMINATION OF AUTOMATIC WAGE COMPONENTS OTHER THAN WAGE ESCALATION ITSELF, INCREASED LABOR MOBILITY AND "FISCALIZATION" OF SOCIAL SECURITY AND MEDICAL CONTRIBUTIONS, I.E., RELIEVING EMPLOYERS OF THESE COSTS AND HAVING THEM ASSUMED BY THE STATE. THE CONVENTION CONCLUDES ON JUNE 11. END SUMMARY.

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2. THE NINTH NATIONAL CONVENTION OF THE COMMUNIST-DOMINATED LABOR CONFEDERATION CGIL (ITALY'S LARGEST) COMMENCED JUNE 6 WITH THE KEYNOTE SPEECH OF SECRETARY GENERAL LUCIANO LAMA. THE 1524 DELEGATES, REPRESENTING A CLAIMED MEMBERSHIP IN EXCESS OF 4.3 MILLION, WERE TREATED TO A TOUR D'HORIZON LASTING WELL OVER THREE HOURS. LAMA WARMLY ADVOCATED COMMUNIST ENTRY INTO THE GOVERNMENT "IN ORDER TO RENDER THE GOVERNMENT

CREDIBLE." IN SUCH AN EVENT, THE LABOR MOVEMENT "OUGHT NOT TRANSFORM INTO UNCRITICAL CONSENSUS ITS TRADITIONAL INCLINATION TOWARD OPPOSITION," BUT NEITHER SHOULD IT "CONVERT INTO AUTOMATIC DISSENT ITS FORMER COLLABORATION WITH THE SOURCES OF POWER."

3. THE MAJOR PART OF HIS SPEECH CONCERNED QUESTIONS OF LABOR ECONOMICS, INCLUDING THESE HIGHLIGHTS:

A) WAGE DIFFERENTIALS -- LAMA ASSERTED THAT RECENT UNION WAGE POLICY HAD EXCESSIVELY FLATTENED OUT WAGE DIFFERENTIALS, THIS TENDING TO UNDERMINE THE MORALE OF SKILLED WORKERS, WHO WERE NOT BEING SUFFICIENTLY REWARDED FOR THEIR SKILLS;
B) AUTOMATIC WAGE COMPONENTS - HE CALLED FOR A "PHASED ELIMINATION OF THE EXISTING AUTOMATIC MECHANISMS, EXCEPT OF COURSE FOR THE BASIC WAGE ESCALATOR (SCALA MOBILE." HE PROPOSED THE ELIMINATION OF SENIORITY BONUSES TIED TO A SPECIFIC WORKPLACE, AND ALSO OF TERMINATION BONUSES SPECIFIC WORKPLACE, AND ALSO OF TERMINATION BONUSES (LIQUIDAZIONE). IN ADDITION, HE ADVOCATED THE ELIMINATION OF ALL EXTRA MONTHS OF PAY BEYOND THE THIRTEENTH MONTH (-- IN SOME CASES AS MANY AS SIXTEEN MONTHS OF WAGES ARE PAID;
C) COST OF LABOR - LAMA CALLED FOR THE SUBSTANTIAL REDUCTION OF EMPLOYER CONTRIBUTIONS TO SOCIAL SECURITY AND MEDICAL FUNDS (CURRENTLY NEARLY HALF AS LARGE AS PAYROLL COSTS), WITH THESE COSTS GRADUALLY TO BE ASSUMED BY THE PUBLIC TREASURY;

D) LABOR MOBILITY - LAMA DESCRIBED THE PREVAILING TENDENCY TOWARD "AN ABSOLUTE REFUSAL OF ANY SORT OF INTER-PLANT MOBILITY" AS BEING "IRRATIONAL AND CONTRARY TO A POLICY OF PLANT REFORM AND INCREASED PRODUCTIVITY;"

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E) ECONOMIC PLANNING - LAMA PROPOSED A FIVE-YEAR PLAN OF AUSTERITY AND OF A RESTRUCTURING OF NATIONAL PRIORITIES, INTO WHICH WOULD BE FITTED LABOR'S PERENNIAL DEMANDS FOR INVESTMENTS IN THE SOUTH, MEDICAL REFORM AND HOSPITAL CONSTRUCTION, EDUCATIONAL REFORM, LOW-COST HOUSING AND IMPROVED URBAN TRANSPORT. IN EFFECT, LAMA ADVOCATED AUSTERE MEASURES AND WORKER RESTRAINT NOT SOLELY TO OVERCOME THE ECONOMIC CRISIS, BUT TO TRANSFORM ITALIAN SOCIETY.

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4. HEADLINE COVERAGE OF LAMA'S SPEECH IN THE NEWSPAPERS WAS REVEALING. THE CHRISTIAN DEMOCRATIC DAILY /IL POPOLO/ CALLED IT "A SPEECH NOT WITHOUT INNOVATIONS;" THE PHILO-SOCIALIST ROME DAILY IL MESSAGGERO HEADLINED: "A CAUSTIOUS LAMA HOPES FOR AGREEMENTS AMONG THE POLITICAL PARTIES;" /LA STAMPA/ THE TURIN DAILY HAD LAMA'S PLAN TO CHANGE SOCIETY;" THE CENTRIST /IL GIORNALE/ LEAD WAS "WHAT THE CGIL WOULD DO WITH THE PCI IN THE GOVERNMENT;" THE NATIONAL, MILAN-BASED DAILY /CORRIERE DELLA SERA/ REFERRED TO THE FIVE YEAR PLAN AND LAMA'S PROPOSAL "TO ELIMINATE AUTOMATIC SALARY INCREASES;" THE COMMUNIST "L'UNITA/ SPOKE OF THE "CGIL'S PROGRAM FOR DEVELOPMENT WITH THE OBJECTIVES OF JOBS AND DEMOCRACY." THE MODERATE ROME DAILY /IL TEMPO/, PROBABLY SAID IT BEST: "ALL THE PCI'S REQUESTS CONTAINED IN THE 'PLAN' PROPOSED BY LAMA."

5. INDICATIVE OF THE EXTENT TO WHICH VIRTUALLY ALL ITALIAN POLITICAL ELEMENTS CONSORT FREELY WITH THE COMMUNISTS, ALL OF THE PARLIAMENTARY PARTIES, SAVE THE RIGHT WING MSI, HAD UNCLASSIFIED

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HIGH-LEVEL REPRESENTATIVES IN ATTENDANCE. THE GOVERNMENT'S GREETINGS WERE CONVEYED BY MINISTER OF LABOR ANSELM, AND THE DC WAS REPRESENTED BY EX-LABOR MINISTER TOROS. THE PRESIDENT OF THE CHAMBER OF DEPUTIES, THE COMMUNIST INGRAO, WAS PRESENT (SAID TO BE UNPRECEDENTED), AS WELL AS EX-CISL CHIEF STORI IN HIS NEW CAPACITY AS PRESIDENT OF THE NATIONAL ECONOMIC COMMITTEE ON ECONOMICS AND LABOR (CNEL). THE CISL DELEGATION CONSISTED OF MACARIO, CARNITI AND BENTIVOGLI; THE UIL SEND BENVENUTO, RAVENNA AND MATTINA. ALSO PRESENT WERE ETUC DEPUTY SEC GEN STERNER, WFT SEC GEN GENSOUS AND WFLMHEAD KLAKOWSKI. THERE WERE

SAID TO BE DELEGATES FROM 50 COUNTRIES, INCLUDING THE USSR
WHOSE REPRESENTATIVE SPOKE BUT RECEIVED ZERO PRESS COVERAGE
EXCEPT FOR THE BRIEFEST NOTICE IN /IL MESSAGGERO/.

6. COMMENT. THE LABOR ECONOMICS PROPOSALS BY LAMA WILL DOUBTLESS
PROVE TO BE MORE MODERATE THAN THOSE WHICH HIS CISL AND UIL
COUNTERPARTS WILL PRESENT IN THEIR CONVENTIONS LATER THIS MONTH.
WHILE THERE IS SOME INDICATION THAT THE SOCIALIST COMPONENT OF
THE CGIL, AND PERHAPS SOME PDUP OR EXTRA-PARLIAMENTARY FACTIONS,
MAY SHOW SOME RESISTANCE TO LAMA'S PROPOSALS FOR STREAMLINING
AND RATIONALIZING THE WAGE AND SALARY SYSTEM, THERE IS LITTLE
REASON TO SUSPECT THAT THE CGIL'S FINAL DOCUMENT WILL VARY VERY
MUCH FROM LAMA'S KEYNOTE SPEECH. TO JUDGE FROM PRESS COVERAGE,
LAMA DID NOT TOUCH ON INTERNATIONAL LABOR MATTERS.GARDNER

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